The Draft Document

The Policy Group considered three approaches to presenting the Interagency Development Team's (IDT's) optimized alternatives in the draft document, ranging from a neutral review of the alternatives to actual selection of a preferred alternative. The Policy Group ultimately concluded that the best approach would be to lay out the technical analyses of each of the alternatives, clearly articulating the strengths and weaknesses of each. In addition, we concluded that the draft document could indicate that, based on these analyses, the IDT believes that Alternative 3 has the potential to provide the highest level of benefits, but that more information and analysis is needed in several areas, including demand management, assurances, and financing, before the Policy Group could select a preferred alternative. Finally, we agreed that the draft document should be written so as to highlight the unresolved issues and lay the groundwork for the focused discussions that agency and stakeholder participants must have over the next year as we move towards a decision.

The draft document should include:

1. A description of the common programs which summarizes their structure, interrelationships, and performance. We should identify areas needing further research or analysis and describe the process for completing this work. This acknowledgment will go a long way towards enlisting the stakeholder focus and engagement we must have to succeed. Insofar as possible, we should state the extent to which implementation of the common programs together, separate from storage and conveyance facilities, could be expected to achieve Program objectives.

2. A summary of the 12 alternatives, based on the separate impact analysis volumes, and a more detailed description of the three hybrid alternatives developed by the IDT. This description should explain that the IDT focused on facilities-related issues within the Delta and did not try to expand, improve, or integrate other essential elements of alternatives, such as common program design, financing, or implementation assurances. A clear statement of underlying assumptions should accompany the explanation of technical advantages. For example, it should describe assumptions regarding allocation of capacity in the conveyance and export facilities and discuss how the water quality standards have been addressed. We should highlight issues which must be resolved to successfully complete the Phase II Program, and should state clearly that a preferred alternative must provide implementation assurances for all components of the Program. Implementation assurances should reflect specific phasing and financing requirements for all components.

3. An explanation of the process we will use to refine analyses and address issues during the period between draft and final documents. This process must be structured to engage stakeholders in resolving these issues.

Common programs

Generally, we are concerned that the common programs lag behind the detailed attention being given to storage and conveyance. The possible exception is the ecosystem restoration program plan (ERPP), which has been aided by near-term implementation funding and the work of the Scientific Review Panel. Further ERPP improvements can be expected through the process for peer review and implementation planning recently agreed upon by stakeholders and CALFED. We believe that other common programs would also benefit from focused technical review and joint implementation planning which addresses specific phasing and financing requirements. At the same time, we should be working on more specific formulation and assessment of the common programs. Prior to release of the draft document, CALFED should map out processes for this technical review and program development. Information on these processes should be provided in the draft document.

Water quality: The water quality common program lacks implementation strategies to carry CALFED beyond the current situation. The Policy Group recognized that CALFED should do more to support and supplement existing efforts. In providing these resources, CALFED should not be concerned with a strict distinction between regulatory and non-regulatory aspects of these efforts. For example, projects to address non-point source water quality problems, such as drainage management, may rely upon integrated use of technical assistance, improved monitoring, and other means to support attainment of water quality standards. Prior to release of the draft document, the water quality common program should incorporate more complete action strategies for all pollutant sources of concern. This includes fuller integration of existing programs which the CALFED Program will support and/or build upon, and, as discussed above, a description of the processes for peer review and stakeholder consultation.

Water use efficiency: Several agreements in principle came out of the Policy meeting. Further discussion will be needed regarding the scope of analyses identified at the meeting, and how information from these analyses will be integrated into the draft and/or final Program documents and Program decisions.

1. The Program document will include an economic analysis which compares water use efficiency options (including conservation, reclamation, and transfers) and new facilities and identifies least-cost ways of meeting CALFED objectives. The Policy Group discussion clearly recognized that an analysis of this kind could improve our assessment of the most cost-effective mix of "demand management options" and supplies from new facilities and conjunctive use. We also believe that this analysis is important for supporting the assessment of alternatives under NEPA and the Clean Water Act Section 404. Although this analysis may not be available for the draft document, it will be needed for work with stakeholders on technical and implementation issues prior to release of the next document.

I would like to emphasize one point in particular. The CALFED Program has repeatedly stated

that land retirement and shorter-term land fallowing are not included as water use efficiency tools. We understand that this limitation is based on genuine concerns over the socio-economic impacts of water transfers associated with agricultural land use changes. However, EPA has been uncomfortable with failure to consider transfer activity as a water management tool, and, consequently, we are pleased that there is agreement in principle, if not yet in detail, to incorporate transfers in the economic analysis.

2. Implementation planning should incorporate specifics on technical and financial assistance to be provided through CALFED agencies. This implementation planning should be supported by specific performance measures.

3. CALFED should develop more information and analysis on agricultural water use before reaching conclusions about what is possible. This could help CALFED resolve its position regarding agricultural water use efficiency program requirements. For example, will measurement be a prerequisite to receiving CALFED benefits? This question might be illuminated by better understanding of the extent of measurement now done by agricultural water agencies and the ramifications of a higher threshold for CALFED benefits. In the absence of agreement among the CALFED agencies, the issue could be highlighted in the draft for public comment. Again, independent review of the water use efficiency program would add credibility to our analysis and facilitate decision-making.

Ecosystem restoration: We are encouraged by work being done through the Ecosystem Roundtable in getting restoration projects funded and underway. We are also pleased with CALFED's efforts to act on the recommendations from the independent Scientific Review Panel, such as development of conceptual models. These efforts are an essential foundation for the CALFED Program.

It is generally recognized that substantial revisions to the ERPP will be needed before the final Program document to provide a more integrated vision of ecosystem processes and a strategy for achieving objectives over time. We discussed the following schedule, which you presented at the meeting:

1. Within 30 days, in time for the draft document, we expect draft conceptual models for the various restoration areas. For the American River, a more complete conceptual model, associated indicators, and strategic restoration plan will be presented. This will serve as an example of the product anticipated for other areas.

2. Within six months, the final package of models and indicators will be completed.

The draft document should discuss the variety of options available to obtain flows needed for ecosystem restoration, including storage, reoperation of storage and changes in diversion patterns, transfers, and regulatory measures. The draft document should also explain that the

stated flow targets are current best estimates which may need to be revised over time through adaptive management and improved conceptual models.

Levee program(system integrity): Delays in completing the levee common program have prevented release of a draft document for review by the general public, BDAC, and the agency Management and Policy groups. Thus, the draft document will need to clearly explain the preliminary status of the levee program material. The draft document should also highlight the costs and benefits of rebuilding to PL 99 standards and explain the need to prioritize this work, given the extent of eligible areas. It should also discuss changes in levee maintenance rules which might be needed to remove disincentives to habitat creation. Finally, the document should describe the relationship between the CALFED Program and several other efforts--the Comprehensive Flood Plain Management Study sponsored by the Corps of Engineers, and the Long-Term Management Strategy (LTMS) for handling and disposal of dredged materials from San Francisco Bay. The document should emphasize the importance of dredged materials to both the system integrity and ERPP programs.

Storage

If the CALFED Program document concludes that additional storage is needed in any alternative, there must be a written analysis demonstrating this need. Need for storage should be assessed in the context of other options addressing comparable objectives. As mentioned previously, at the Policy meeting we recognized that a major feature of this demonstration of need for storage will be an economic analysis comparing storage with water use efficiency measures, transfers, and reoperation. From the perspective of a Clean Water Act Section 404 alternatives analysis, it will be important to establish the extent to which CALFED objectives can be met through practicable alternatives to storage. If this work has not been completed in time for the draft, analysis of need should be described as an issue to be resolved in the period between draft and final.

The draft document will also need to explain the process for evaluating, comparing, and selecting specific storage sites. We should specify the decisions which will be made in the context of the Phase II Program, and define subsequent steps anticipated in the context of phased implementation of the Program.

The draft document should explain the time value of water concept which is being used to justify new storage to "beneficially" reconfigure instream flows. As you know, EPA and others are concerned that CALFED may overlook important biological and channel-forming functions of peak flows which might be reduced through new storage. For example, under higher peak flow conditions, nutrients move into the south San Francisco Bay and Suisun. Further, we need to assure that diversions to new storage will occur in a way which protects non-peak flows required for ecosystem restoration. Since it is likely that new storage will be very expensive, there may be built-in incentives to assure supplies to water users, even if information gained through adaptive management indicates need for higher instream flows than originally estimated.

Conveyance

Presentation of the three hybrid alternatives in the draft decision document will, of necessity, focus on the distinguishing conveyance features. Certain issues regarding evaluation of technical performance have been discussed above. Generally, we need to recognize the importance of the perception of the Delta as a "common pool," a resource which we all have a stake in protecting. Our solution must fortify this broad interest in the health of the Delta. To this end, our evaluation of conveyance alternatives should include sensitivity analyses looking at how different operating criteria perform relative to a given level of environmental protection in the Delta.

Assurances and financing

We recognize that the draft document will largely present a framework and process for further work on implementation assurances and financing, since most of this work must be tailored to a specific alternative with common programs expressed in substantially more detail than at present. Given the critical importance of a consensus assurance package to the overall success of the CALFED effort, the draft document should carefully present the work done thus far in order to solicit the constructive involvement of all interest groups.

We support the agreement on general principles provided from the finance work group. However, we recognize that this agreement has not yet been fully reviewed in the stakeholder community and thus is not a consensus document. The draft document should present this agreement on general principles in a way that facilitates continued progress on this issue.

We believe that the BDAC Assurance Workgroup has done a good job in laying out the array of possible institutional arrangements. Before the release of the draft document, CALFED should consider how best to facilitate a consensus on assurances. In addition to relying on the ongoing work of the BDAC Assurances Workgroup, we suggest exploring other outreach efforts and forums for discussion. The draft document should then be written to support the work of these consensus-building efforts.

It is important that an evaluation of alternatives pursuant to Clean Water Act Section 404(b)(1) guidelines proceed in conjunction with other Program work, so that we can assure that the alternative ultimately selected complies with CWA 404 requirements. We are concerned that, to date, CALFED has not established a review procedure fully acceptable to EPA and the Corps of Engineers. The draft document should outline a process for a CWA 404 review appropriate to Phase II of the Program. Otherwise, this should be identified as a priority task for CALFED in the period between the draft and final documents.